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Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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June 14, 2012

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To: Supervisor Zev Yaroslavsky, Chairman
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From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

SACRAMENTO UPDATE

This memorandum provides information on a pursuit of County position on legislation related to estate administration; a change in County position on legislation related to design-build authority; an update on County-sponsored legislation related to meetings between the Governor and the Board; and the status of County-advocacy legislation related to: 1) establishment of an International Medical Graduate Program at the University of California, Los Angeles; 2) employee relations commissions; 3) the electronic filing of the Statement of Economic Interests form; 4) amendments to the Los Angeles Memorial Coliseum lease agreement between the Coliseum Commission and the California Science Center; and 5) funding for healthcare workforce training.

Pursuit of County Position on Legislation

AB 1670 (Lara), which as amended on March 26, 2012, would, until January 1, 2016, authorize a court to appoint a person nominated by a non-resident heir as an administrator of a decedent's estate.

Existing law governing the administration of the estates of decedents specifies that a person has no power to administer an estate until that person is appointed as administrator. It further provides that a person is not qualified to act as estate administrator unless they are a U.S. resident. Current case law, *Estate of Otto Damskog* (1991), disallows a person "not otherwise eligible to serve as an

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administrator” to nominate another to do so. If no executor is named by a decedent’s will who is willing to act and no interstate heirs reside in the U.S., a court will then appoint a county’s public administrator. AB 1670 would overturn the 1991 *Damskog* court decision and empower heirs who reside outside the U.S. to designate U.S. residents to administer their estates.

According to the County’s Public Administrator (PA), AB 1670 would leave many estates and eligible heirs without sufficient protection from genealogical research firms, commonly termed “heir hunters.” The PA notes that these firms actively seek out any possible heir in order to enter agreements which can result in the heir hunter’s receipt of a percentage of the estate. Because there is an inherent monetary conflict of interest for these firms to represent the estate rights of family members where some do not assign portions of their estate to them, potential oversight or fraud of the non-assignees becomes a risk. To the contrary, in an effort to protect the interests of all potential estate heirs, the PA and County Counsel, which provides legal support for the PA’s estate management functions, search to find as many family members as possible. In addition, as part of their fiduciary obligations, the PA indicates they also work to ensure payment of local creditors that have an interest in these estates. An administrator nominated by a non-U.S. resident could potentially transfer the estate out of the country before legitimate creditors or other potential heirs are compensated.

The Public Administrator and County Counsel further indicate that this measure would negatively impact their practical and fiscal operations. Under AB 1670, genealogical research and private law firms would most likely engage in only revenue-worthy estates, leaving the courts to appoint the most difficult and low income estates to the County to administer. These cases require significant work and time to settle, while yielding minimal fee revenue. Both the PA and County Counsel estimate they would be left with the majority of their current, related workload but with the loss of most of their fee proceeds, which could result in an estimated loss to the County’s General Fund of roughly \$300,000 annually.

Because this measure has the potential to negatively impact local constituents and would negatively affect County revenues and operations, this office and the PA oppose AB 1670. Therefore, consistent with policy to minimize the adverse impact of State actions on the County, **the Sacramento advocates will oppose AB 1670.**

AB 1670 is sponsored by the Trusts and Estates Section of the State Bar, and opposed by the California State Association of Counties, Urban Counties Caucus, and the California State Association of Public Administrators, Public Guardians, and Public Conservators.

AB 1670 passed the Assembly by a vote of 52 to 15 on April 30, 2012. The bill is currently awaiting a hearing in the Senate Judiciary Committee.

Change in County Position on Legislation

County-support-and-amend SB 1509 (Simitian), which as amended on April 18, 2012, would delete the existing sunset date on the authority of school districts and community college districts to enter into a design-build contract for the design and construction of a school facility and community college facility, is scheduled for a hearing in the Assembly Education Committee on June 27, 2012. The Sacramento advocates have been advised that although the author's office is sympathetic to the County's goal to make design-build authority a permanent option for counties, the author of the bill does not intend to amend SB 1509 at this time.

As previously reported, should SB 1509 be enacted, it would establish a precedent to establish a permanent authority for counties to use the design-build method. However, absent the proposed language to delete the sunset date on the authority of counties to enter into design-build contracts, as currently amended, SB 1509 would not impact the County. Therefore, **the Sacramento advocates will remove the County's support and amend position, and take no position on this measure.**

Status of County-Sponsored Legislation

County-sponsored AB 1736 (Smyth), which as amended on March 29, 2012, would authorize the Governor to meet with the Board in closed session over security matters passed the Senate Governance and Finance Committee by a vote of 6 to 0 on June 13, 2012. The measure now proceeds to the Senate Floor for consideration.

Status of County-Advocacy Legislation

County-supported AB 1533 (Mitchell), which as amended March 21, 2012, would authorize graduates from foreign medical schools to provide hands-on patient care and participate in a five-year pilot project for the University of California, Los Angeles International Medical Graduate Program, passed the Senate Business, Professions, and Economic Development Committee by a vote of 9 to 0 on June 11, 2012. The bill now proceeds to the Senate Appropriations Committee.

County-opposed AB 1659 (Butler), which as introduced on February 14, 2012, would specify that the employee relations commissions of the County of Los Angeles and the City of Los Angeles function operationally and fiscally independent of County and City

management, passed the Senate Public Employment and Retirement Committee by a vote of 3 to 2 on June 11, 2012. This measure now proceeds to the Senate Floor.

County-supported AB 2062 (Davis), which as amended May 25, 2012, would permit all filers of the Statement of Economic Interests (Form 700) to submit statements electronically in accordance with Fair Political Practices Commission regulations, and would require local government agencies intending to use an electronic filing system to pay a fee of \$1,000 along with their initial system proposal, passed the Assembly by a vote of 70 to 0 on June 11, 2012. AB 2062 is an urgency measure and would be effective immediately, if enacted by the Legislature and signed by Governor Brown. This measure now proceeds to the Senate.

County-opposed SB 415 (Wright), which as amended on June 27, 2011, would amend the Los Angeles Memorial Coliseum lease agreement between the Los Angeles Memorial Coliseum Commission (LAMCC) and the California Science Center (CSC), has been pulled from the Daily File (the hearing calendar) and will not be heard in the Assembly Business, Professions and Consumer Protection Committee on June 19, 2012. **The Sacramento advocates have learned from the author's office that the bill is being dropped for this year and will likely be gutted and amended for other purposes.** In addition, the Sacramento advocates were advised by the author's staff that Senator Wright will remain heavily engaged in Coliseum-related matters and could introduce a bill next Legislative Session.

As previously reported, the bill would: 1) require CSC to become the successor lessor in the lease between CSC and LAMCC and to quit and surrender the leased premises to CSC should LAMCC fail to perform under, or abide by any of the terms and conditions of the lease; and 2) allow an ex-officio member of LAMCC to be present in closed session meetings of the LAMCC.

The County opposes this measure because it purports to unilaterally amend the Coliseum lease between LAMCC and CSC, would be invalid and unconstitutional in several significant respects. These would include: 1) an unreasonable and invalid interference with the contractual rights and relationships of LAMCC, which is independently created and non-tax supported, in violation of Article I, section 9 of the California Constitution; 2) an unenforceable encroachment on the municipal affairs of the City of Los Angeles and the County of Los Angeles, acting through LAMCC, in violation of Article XI, section 3, 4, 5 and 7 of the California Constitution; and 3) special legislation affecting only one entity, LAMCC, in violation of Article IV, section 16 of the California Constitution.

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County-supported SB 635 (Hernández), which as amended May 31, 2011, would require monies in the Managed Care Administrative Fines and Penalties Fund in excess of \$1.0 million, plus interest, to be transferred each year to the Office of Statewide Health Planning and Development for purposes of healthcare workforce training, passed the Assembly Health Committee by a vote of 18 to 0 on June 12, 2012. The bill now proceeds to the Assembly Appropriations Committee.

We will continue to keep you advised.

WTF:RA
MR:KA:IGEA:sb

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants